

General Information Letter: IITA Section 917 generally prohibits disclosure of taxpayer information.

July 28, 2000

Dear:

This is in response to your letter dated July 8, 2000. The nature of your letter and the information provided require that we respond with a General Information Letter (GIL). A GIL is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), which may be viewed on our website at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

Your letter states as follows:

I have a soon-to-be ex daughter-in-law that filed for bankruptcy on June 30, 2000. During the 1999 tax period, she had a non-relative living with her. She never reported this income (whatever it may be) to the Bankruptcy Court and I'm certain did not report it to the Internal Revenue Service.

During the 14 year marriage of my son and her I granted Nancy and my son a business loan in the amount of \$65,000 of which over \$29,000 was unpaid when she filed for divorce in 1998.

Because this loan was a good faith loan it was not a secured loan. Because of this, the bankruptcy court discharged the loan. I don't believe this is right and of the opinion that un-reported income is wrong and deserves attention by all collectors of income tax.

At this point, I am seeking help in bringing this matter to the attention of the proper channels including state and federal income taxing bodies.

I have been represented by legal council but apparently they indicate with chapter 7 Bankruptcy only a car and home need to be reaffirmed. I do believe improper income tax reporting is no excuse for writing off your debts.

All I am asking of you is to confirm my information. Please help as I am a senior citizen living on a fixed income.

RULING

The Illinois Income Tax Act ("the IITA" ; 35 ILCS 5/101 *et seq.*) imposes a tax on the Illinois "net income" of every individual (IITA §201(a)). An individual's Illinois net income is determined by starting with his or her federal adjusted gross income, then making certain addition and subtraction modifications (See IITA §202, §203(a)). Thus, an individual's net income for Illinois income tax purposes depends initially upon the items included in the individual's federal adjusted gross income.

Each of the items your letter suggests should be reported as income would be items related to a determination of federal adjusted gross income. Questions of federal income tax law should be addressed to the Internal Revenue Service.

In addition, please note that the Department may not confirm the information provided by your letter. Section 917(a) of the IITA provides as follows:

Confidentiality. Except as provided in this Section, all information received by the Department from returns filed under this Act, or from any investigation conducted under the provisions of this Act, shall be confidential, except for official purposes within the Department or pursuant to official procedures for collection of any State tax or pursuant to an investigation or audit by the Illinois State Scholarship Commission of a delinquent student loan or monetary award or enforcement of any civil or criminal penalty or sanction imposed by this Act or by another statute imposing a State tax, and any person who divulges any such information in any manner, except for such purposes and pursuant to order of the Director or in accordance with a proper judicial order, shall be guilty of a Class A misdemeanor.

Accordingly, your letter does not provide the Department a basis to disclose to you information concerning whether another taxpayer failed to report certain items of income. However, if you have information that another taxpayer has failed to adhere to the requirements of the IITA, you may contact our Investigations Bureau at (217) 785-8200.

As stated above, this is a GIL. As such, it does not constitute a statement of policy that applies, interprets or prescribes the tax laws, and it is not binding on the Department. If you are not under audit and wish to obtain a binding private letter ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of 86 Ill. Adm. Code 1200.110(b).

I hope this information is helpful. If you have further questions concerning this GIL you may contact the Legal Services Division at (217) 782-7055. If you have further questions related to the Illinois income tax laws, visit our website at www.revenue.state.il.us or contact the Department's Taxpayer Information Division at (217) 782-3336.

Sincerely,

Brian L. Stocker
Staff Attorney (Income Tax)